

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2000-425

January 5, 2001

KMC TELECOM V, INC.

Petition for Finding of Public
Convenience and Necessity to
Provide Service as both a reseller and a
Facilities-Based Local Exchange Carrier
and a Reseller and Facilities-Based
Interexchange Service Carrier.

ORDER GRANTING AUTHORITY
TO PROVIDE BOTH FACILITIES-BASED
AND RESOLD LOCAL EXCHANGE
SERVICE AND FACILITIES-BASED AND
RESOLD INTEREXCHANGE SERVICE
AND APPROVING SCHEDULE OF
RATES AND TERMS AND CONDITIONS

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

In this Order, the Commission grants KMC Telecom V, Inc. (KMC or Company) the authority to provide: (1) dedicated-only, facilities-based competitive local exchange service in the service area of Verizon-Maine; (2) resold competitive local exchange service in Verizon-Maine's service area; and (3) resold and facilities-based interexchange service in the State of Maine. The Commission also approves the Company's Terms and Conditions and Rate Schedules. We also exempt KMC from the requirements of Chapter 210, *Uniform System of Accounts*, and of 35-A M.R.S.A. §§ 707 and 708, subject to the conditions described below.

I. APPROVAL OF APPLICATION TO SERVE

On May 15, 2000, pursuant to 35-A M.R.S.A. §§ 2102 and 2105, KMC filed a petition with the Commission requesting authority to provide facilities-based and resold local exchange telephone service in Maine as well as resold and facilities-based interexchange service.

Before we grant approval under section 2102 for another public utility to provide service, 35-A M.R.S.A. § 2105 requires us to find that the public convenience and necessity require another utility to provide service in a location where utility is already authorized to provide, or is providing, the same or similar service.

47 U.S.C. § 253(a), enacted by the Telecommunications Act of 1996, states:

(a) In General. No State or local statute or regulation, or other State or local legal requirement, may prohibit or have the effect of prohibiting the ability of any entity to provide any interstate or intrastate telecommunication service.

47 U.S.C. § 253(b) states, however:

(b) State Regulatory Authority. Nothing in this section shall affect the ability of a State to impose, on a competitively neutral basis and consistent with section 254, requirements necessary to preserve and advance universal service, protect the public safety and welfare, ensure the continued quality of telecommunications services, and safeguard the rights of consumers.

We find that granting KMC the authority to provide local exchange and interexchange services in Maine will not impede the preservation or advancement of the public interest goals or policies stated in section 253(b).

KMC's application provides reasonable information indicating that its financial and management capabilities are adequate to provide local services in Maine.

II. SERVICE TERRITORY

A. Facilities-Based Local Service

KMC initially requested authority to provide facilities-based local exchangeservice in all areas served by Verizon-Maine. It later amended its request to provide dedicated-only facilities-based local exchange service in the areas served by Verizon. Facilities-based service includes service provided through the use of unbundled network elements obtained from an incumbent local exchange carriers. At this time, KMC is only willing and able to provide dedicated-only, facilities-based local exchange service. As a provider of only dedicated services KMC will not need to obtain numbering resources from The North American Numbering Plan Administrator (NANPA).

If KMC wishes to expand its facilities-based local exchange service to provide switched service which requires KMC's own numbering resources, it shall seek such approval pursuant to 35-A M.R.S.A. § 2102, requesting the Commission to amend this Order. Any such request must specify the exchanges where it proposes to offer service and include information establishing a readiness to provide facilities-based local exchange service within six months in the specifically identified areas.

B. Resold Local Service

KMC has also requested authority to provided resold local exchange service throughout Verizon-Maine's service area. KMC states that it will offer service as a reseller of local exchange service provided by other authorized local exchange carriers (LECs). We define local resale as the offering of local exchange service purchased from another competitive local exchange carrier (CLEC) pursuant to 47 U.S.C. § 251(b)(1) or from an incumbent local exchange carrier (ILEC) at a wholesale discount pursuant to 47 U.S.C. § 251(c)(4). The purchase of unbundled network elements from

an ILEC and their use in providing local exchange service is facilities-based service and is not resale.

C. Interexchange Service

KMC has requested authority to provide facilities-based and resold interexchange service throughout the state. We grant that authority.

III. APPROVAL OF TERMS AND CONDITIONS AND RATE SCHEDULES

We allow the terms and conditions proposed by KMC to go into effect. KMC has used the Commission's standard terms and conditions that comply with Maine law and the Commission's Rules. Included in the Terms and Conditions is a provision stating that in the event of such a conflict, the statute or the Commission's rule will control.

In general, the Commission believes that a competitive telecommunications market results in services and rates that benefit the public. We believe that the acceptability of KMC's services and rates in the market place provides an adequate test of the reasonableness of the Company's rates. Accordingly, we allow the rates proposed by KMC to go into effect.

IV. INTERCONNECTION AGREEMENT(S)

In order to provide local exchange service, a competitive local exchange carrier must, as a practical matter, obtain an interconnection agreement with the ILEC(s) providing service in any area where it intends to provide service. In the absence of such an agreement, it will not be possible for KMC's customers to call customers of the ILEC(s), and vice versa. Interconnection agreements are governed by 47 U.S.C. § 252, and must be approved by this Commission.

If a CLEC makes a bona fide request for an interconnection agreement with an ILEC that is a "rural telephone company" as defined in 47 U.S.C. § 153(37), the "rural exemption" of 47 U.S.C. § 251(f) will apply. All of Maine's independent incumbent local exchange carriers are "rural telephone companies." A rural telephone company is not required to negotiate an interconnection agreement or provide interconnection until after the Commission, pursuant to 47 U.S.C. § 251(f)(1)(B), finds that the requirement "is not unduly economically burdensome, is technically feasible, and is consistent with [the universal service provisions of] section 254"

If KMC executes an interconnect agreement(s) with an ILEC(s), it shall obtain approval of that agreement by this Commission.

V. PAYMENT OF ACCESS CHARGES

The Commission has granted authority to KMC to provide interexchange service both as a facilities-based carrier and as a switchless reseller.¹ If KMC provides facilities-based interexchange service, it must pay access charges directly to local exchange carriers. However, if it provides switchless reseller service, it does not have to pay access charges to local exchange carriers. Instead, its access charges will be paid by an underlying facilities-based interexchange carrier. As a condition of granting authority to a switchless reseller to provide intrastate service in Maine, KMC's underlying facilities-based carrier must also have authority to provide intrastate service in Maine. KMC has stated that Verizon will be the underlying carrier from which it purchases interexchange services that it resells. Verizon is authorized by the Commission to provide intrastate interexchange service and does pay access charges for the intrastate interexchange services it sells to KMC. If KMC begins to use another authorized underlying carrier, it shall notify the Commission as required by the ordering paragraphs. If KMC begins to provide facilities-based interexchange service, it shall notify the Commission and all LECs from which it obtains access, as required by the ordering paragraphs.

VI. WAIVERS; REPORTING REQUIREMENTS

As a condition of providing local exchange service, KMC must comply with the terms of any applicable Commission orders or rules that may govern local interconnection and compensation for interconnection. KMC shall also comply with any applicable Commission Rules or orders that govern universal service, public safety and welfare, service quality and consumer rights.

The Commission grants KMC a waiver from the requirements of Chapter 210 of the Commission's Rules, which governs telephone utility accounting, and from 35-A M.R.S.A. §§ 707 and 708, which govern reorganizations and affiliated interests. Because KMC's rates and operations are likely to be subject to market forces, we do not see any present need to subject the Company to those requirements. However, KMC must report its annual intrastate gross operating revenues and its annual intrastate minutes for use for the purpose of determining its regulatory assessment and such other information requested by the Commission.² If KMC resells service to other

¹We define switchless resellers as entities which do not own, lease, or control any switching facilities, or private lines, that it will use to provide telecommunication services in Maine. A reseller who owns a switch in another state, and plans to use that switch to switch or carry Maine traffic, is a switched reseller. A reseller who does not own facilities in Maine or any other state, or who owns facilities in another state but does not plan to use that switch to carry Maine traffic, is a switchless reseller.

²The Commission mails the annual reporting forms to carriers in January of each year. The completed forms are due by April 1 of each year.

switched or switchless telephone service providers, the Company must maintain its records so that it may separately identify those sales.

In addition, KMC shall inform the Commission of any changes to its corporate structure and ownership and of any changes in the name under which it does business, as set forth in Ordering Paragraph No. 3. If necessary, it shall also refile its rate schedules and terms and conditions to reflect its new identity

VII. OTHER REQUIREMENTS

KMC shall comply with all applicable rules of the Commission and statutes of the State of Maine.

VIII. ORDERING PARAGRAPHS

Accordingly, we

1. Grant, pursuant to 35-A M.R.S.A. §§ 2102 and 2105, the request of KMC to provide dedicated-only, facilities-based and resold competitive local exchange telephone service in the service area of Verizon-Maine and resold and facilities-based interexchange service throughout the State of Maine;

2. Exempt KMC from the requirements of Chapter 210 of the Commission's Rules, except that it must report the revenue and minutes of use information that is requested by the Commission, on or before April 1 of each year; and

3. Exempt KMC from the approval requirements of 35-A M.R.S.A. §§ 707 and 708, provided that KMC shall notify the Commission of any reorganization, as defined in 35-A M.R.S.A. § 707(1)(A), that results in a merger, sale or transfer of a controlling interest of KMC or of any entity that owns more than 50% of KMC. KMC shall also provide notice of any other changes in the name under which it does business (d/b/a), any change of the location of its business office, and any change of its contact person. KMC shall provide the Administrative Director of the Commission with notice of any of the changes described within 30 days following the change. If necessary, KMC shall amend its rate schedules and terms and conditions to reflect any change in identity.

4. Order that KMC's proposed terms and conditions and rate schedules (pages 1-9), attached to this Order, shall be effective on the date of this Order.

5. Order that KMC, or an underlying facilities-based interexchange carrier authorized to provide interexchange service in Maine, shall pay interexchange access charges as required approved access rate schedules filed by local exchange carriers.

KMC shall notify the Commission of any change in its underlying carrier within 30 days following the change. Any underlying carrier used by KMC shall have the authority to provide intrastate interexchange service in Maine. KMC shall immediately inform the Commission and all local exchange carriers in the State of Maine from which KMC will be purchasing access services if there is any change in its operations that will result in its carrying, switching, or any processing of any of its own traffic, at which time KMC shall begin to pay access charges directly to those local exchange carriers that have approved access charge schedules on file with the Commission; and

6. Order that KMC shall comply with all applicable rules of the Commission, including the requirement of Chapter 280 § 10 that interexchange carriers provide notice to all affected customers of an increase to any rate that is greater than 20%.

Dated at Augusta, Maine this 5th day of January, 2001.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR:

Welch
Nugent
Diamond

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320 (1)-(4) and the Maine Rules of Civil Procedure, Rule 73 et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320 (5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.